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C O N F I D E N T I A L SECTION 01 OF 05 LAGOS 002588

SIPDIS

STATE FOR AF/W  
STATE FOR CA/OCS/FROBINSON  
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STATE FOR INR/AA  
STATE PASS DOE FOR DAS JBRODMAN AND CGAY  
STATE PASS TREASURY FOR ASEVERENS AND SRENENDER  
STATE PASS DOC FOR PHUPER  
STATE PASS TRANSPORTATION FOR MARAD  
STATE PASS OPIC FOR CDUFFY  
STATE PASS TDA FOR BTERNET  
STATE PASS EXIM FOR JRITCHER  
STATE PASS USTR FOR ASST USTR SLISER  
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

E.O. 12958: DECL: 12/27/2004

TAGS: [EPET](#) [EINV](#) [PGOV](#) [ASEC](#) [NI](#)

SUBJECT: CONSUL GENERAL VISITS PORT HARCOURT AND YENAGOA

Classified By: Consul General Brian L. Browne. Reasons 1.4(b) and (d).

[11.](#) (SBU) SUMMARY: The Consul General visited Rivers and Bayelsa States December 8-10. He met the Deputy Governors of both states (the Governors were out of Nigeria), Rivers State Assembly leadership, environmental and human rights activists, opposition leaders and researchers at Port Harcourt's leading socio-economic think tank. The visit came on the heels of the December 5 occupation of Chevron and Shell oil companies' facilities by agitated local communities. While Port Harcourt and Yenogoa were free of violence, interlocutors in both capitals cited escalating tension in the Delta. In their totality, the Consul General's conversations revealed the chasms separating key players in the Delta, and showed the distance needed to be traversed before these actors can reach a modus vivendi that minimizes disruption of oil company activity and offers hope of sustained economic improvement to the local communities. End Summary

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RIVERS DEPUTY GOVERNOR--COMPANIES AT FAULT  
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[12.](#) (U) During their December 8 meeting, Rivers State Deputy Governor Gabriel Toby told the Consul General that progress was being made between Chevron Texaco officials and local community representatives to resolve the disagreements between the company and local area that precipitated the occupation of the Robert-Kiri flow station on December 5th. Toby stated that several state officials, including the State Assembly's Deputy Speaker, were acting as mediators between the company and the local residents. He mentioned that the active interposition of the state had lowered tensions in that local community, paving the way for the current negotiations. He was optimistic that the talks would lead to a Memorandum of Understanding between Chevron and the local community.

[13.](#) (C) However, Toby chastised Chevron for having ignored warning signs of growing tension in the local community. Evidently, the local Chevron staff had failed to respond to several missives sent by the local community to Chevron's Port Harcourt office. Toby's criticism of Shell, which suffered a contemporaneous occupation of a facility, was harsher. He accused local Shell management of being disingenuous with local residents. Shell management dissembled, making commitments they had little intention of honoring, Toby asserted. Shell had been warned repeatedly by State officials about their record of broken promises on employment and community projects; but the company's officials thought they could continue to finesse the local leaders. On the other hand, Chevron's local manager had not lied. His omission was that he failed to take the community's agitation seriously. Perhaps inured to local agitation because he has heard so much angry rhetoric in the recent past, he neglected to inform the Lagos headquarters of the rising temperature and to make any serious attempt himself to defuse the tension before it erupted.

[14.](#) (C) At the crux of the matter were jobs and money. Toby accused the oil companies of neglecting to hire sufficient indigenes of the area. Most of the companies' Nigerian workers came from other parts of the country, although many were employed in jobs such as boat operators or in unskilled positions that could have been staffed via the local employment pool, maintained the Deputy Governor. However,

mid-level management in the companies were mainly Nigerians from other parts of the country; they used their position in the company to hire their ethnic kith, to the detriment of the unemployed local residents. Toby also cited the companies for failing to fashion the right kinds of economic development projects and then for inadequately funding those projects they did author.

15. (C) The companies were their own worst enemy, Toby continued. They only dealt with the local communities after situations boiled over. Only after a disturbance did they seek state government intercession, Toby groused. The companies traditionally ignored the concerns of local residents. Only when the residents take matters or oil facilities literally into their own hands do they get the companies' attention. Even then, the attention span is brief, he spoke. The companies will be attentive only as long as it takes to sign an Memorandum of Understanding; but the minute the Memorandum of Understanding is signed it becomes a dead letter, Toby asserted. With the crisis averted and local agitators seemingly placated, the companies revert to the mode of operation that existed prior to the Memorandum of Understanding. Toby stressed that the companies not only failed to liaise regularly with appropriate state government agencies, i.e., Economic Development, Environmental Affairs and local government affairs, the companies often rebuffed state government attempts to establish communications outside of crisis situations.

16. (C) Toby said the companies' attitude caused significant disappointment and some rancor within the state government. Nevertheless, River state would always help to extricate the companies from these hot situations. The State Government believes it has an obligation to the local communities' welfare, but also it recognizes the economic importance of the oil companies. The River State government's role in mediating between the companies and the communities is an attempt to strike a balance between conflicting positions of economic populism held by the local communities, and that of business realism which drives the companies' behavior.

7 (C) Replying to a question from the Consul General, Toby opined that both the Federal Government and the Niger Delta Development Commission (NDDC) have fallen woefully short of carrying their fair share of the developmental burden in the Delta. The Deputy Governor stated the NDDC had just finalized its master plan for development in the Delta; however, the plan was almost dead on birth. President Obasanjo bristled when he discovered the plan estimated that most Delta inhabitants lived below the world poverty line. Obasanjo threatened to veto the plan. The presidential threat was not lifted until the language on poverty was softened. Toby pointed to this wordsmithing as an example of the legerdemain that Abuja seems to relish to the prejudice of actual progress on local development issues.

8 (C) Consul General thanked Toby and the Rivers Government for their swift intercession in the Robert-Kiri occupation, stressing the importance of bringing the parties to the table and of resolving these types of incidents without casualty or property damage.

9 (C) However, the Consul General noted that, in the long run, settling the community disputes via ad-hoc, individual MOU's risked creating a patchwork of localized settlements that could cause nearly as many problems as they solved. A community will compare its compact with those reached by other communities and other oil companies. This could raise invidious comparisons and spark jealousies that degenerate into something worse. Moreover the frequency of these disruptions and take-overs seemed to beg for a more comprehensive, strategic approach to the relationship between the local communities and the oil companies. Toby, echoed by the State Commission for Information and Secretary of the State Government, said they would endorse such a comprehensive approach and hoped the NDDC would play a leading role in orchestrating all of the local, state, national and international stakeholders.

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TALKING TO THE LAW MAKERS--BLAME ABUJA  
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10 (C) In a separate December 8 meeting, Speaker of the Rivers State Assembly, Rotimi Amaechi, labeled the federal government as the main cause of turmoil in the State. Amaechi stated that Nigeria was nominally a federal system but was highly centralized de facto. Abuja siphoned off resources and revenues from the Delta but failed to re-invest in local people or communities. The federal government was mostly absent from the lives of people. Moreover, the state government could only offer limited resources which he claimed had been put to good use in power generation and some road construction. But the state did not have sufficient funds to go around. In this milieu, local communities come

to see the oil companies--the only physical presence of the modern and monied outside world they see--as a surrogate government. Thus, poverty-driven frustration among the local population is directed at the oil companies because the companies are the only entity with which the people have immediate contact.

11 (C) Amaechi predicted disruption in the Delta would continue until GON's policies changed to reflect true federalism i.e., greater distribution of resources to Rivers State. This, according to him, will ensure that oil-producing areas derived adequate compensation from their resources. Amaechi added that the local communities now feel empowered by the fact that taking over a facility may send ripples throughout the international oil market. Because of this realization, more communities will be more apt to occupy facilities.

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LOCAL NGO'S BLAST GOVERNMENT AND COMPANIES  
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12. (SBU) Representatives of several Port Harcourt-based NGOs offered Consul General their unique perspective on the Niger Delta. The majority of the NGO official participants accused all stakeholders (including the international community) of lack of genuine concern for social deterioration in the Niger Delta. According to them, chronic poverty and unemployment remain the most significant causes of tension in the region. Port Harcourt remained one of Nigeria's fastest growing cities despite high unemployment there. People from many parts of Southern Nigeria flocked to the city, believing the oil industry abounded in jobs and wealth. The reality is that jobs in the industry are few. Thus, Port Harcourt was now the home of pools of unemployed migrants. Women often experienced the brunt of this poverty. Forced to be family breadwinners, many women were compelled into prostitution, with their clients being the relatively small number of employees in the oil sector. The NGO officials stated that long-standing poverty and unemployment has strained traditional social structures and mores.

13. (SBU) The social order had become inverted. Youth no longer listened to traditional elders. Now, armed-toting young men held more sway within the communities than the old chiefs. This shift in leadership also meant that violence, not negotiation, is progressively becoming the preferred mode of dispute resolution in the area, the activists warned. Spreading their analysis wider than the Delta, the activists deplored the existing money-dominated, violence-prone political process in Nigeria, alleging that it alienated the vast majority of their countrymen. They identified the politicians' propensity to hire and arm local youths as responsible for conflict in many parts of the Niger Delta. To achieve lasting peace, the NGO leaders urged the international community to support reform in Nigeria. In particular, they demanded electoral reform that will allow political candidates and parties more representation of the average person to emerge. In their opinion, the current political leadership in Nigeria did not represent the true aspirations of the people, nor did it command widespread legitimacy.

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OIL COMPANY REPRESENTATIVES FEEL PICKED UPON  
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14 (C) The Consul General hosted an evening dinner for Port Harcourt-based Chevron-Texaco and Halliburton officers December 8th. Both officials stated that security in Port Harcourt was adequate but tensions were on the rise in the outlying areas. Notwithstanding the on-going disarmament exercise for local militias, the officials noted a marked increase in armed young men in these outlying areas. The company officials described a security situation where the militias are so influential in the creeks and rural areas that the writ of the Governor of River State is being reduced to that being the mayor of Port Harcourt: the State Government's presence does not extend very far beyond the capital. The Halliburton official lamented that company vehicles are plastered with dozens of decals--each sticker evidence of payment to a score of villages and hamlets that impose their own road and transportation fees and taxes.

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Bayelsa--Ijaws Are Angry  
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15. (SBU ) In Yenegoa, the Consul General met Deputy Governor Jonathan and the majority of the State Cabinet. The Bayelsa officials treated the Consul General to a litany of complaints about overcentralization of governmental power in Abuja, which resulted in an inequitable distribution of resources between Bayelsa and Abuja. Their expostulations had an decided ethnic timbre. State officials claimed Bayelsa was the heartland of the Ijaws, purportedly Nigeria's

fourth largest ethnic group. However, the Ijaws have been historically marginalized as a player in national politics. The Bayelsa officials called for greater Ijaw influence in national politics and more political and economic autonomy for Bayelsa. Unless these issues were addressed, unrest in the area would continue, sang the chorus of government officials.

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Comment  
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16 (C) Port Harcourt is a teeming city, in many ways a smaller, equally active version of Lagos with its legendary traffic snarls and ominous pools of loitering, unemployed youth. Port Harcourt is also the political hub of the drama that has become the Niger Delta. On the one level it is bustling; dig deeper, it exemplifies much of what is wrong in Nigeria. Port Harcourt's economy is one-dimensional--it lives off oil. The sector produces both great wealth and activity. The infrastructure and presence of the oil majors and the related oil services companies is all around. Meanwhile, state and federal governments are largely dysfunctional. In the functions of government, the laws of graft overrule the laws of gravity. Funds do not trickle down to the modest segments of the population. Among those in the latter category, the perception is that both government and the oil sector have encroached into their ancestral land to siphon oil without giving due compensation to the local population.

17 (C) Comment cont. One key problem is the stakeholders mistrust each other. Each actor clearly sees the dilemma from their own self-centered vantage point and is basically insensitive to the concerns of the others. Consequently, there is a great gulf in perception. The state government blames the federal government and the oil companies. The oil companies blame the local communities and federal government. The local communities blame the companies. The NGO's blame everyone, including the international community. The solutions the Consul General heard were simplistic and one-sided--"get the other guy to do what I want."

18 (C) Comment cont. Against this stark background, the current tack of establishing individual Memorandum of Understandings with each agitated community is of dwindling effectiveness. What is emerging is a patchwork of temporary truces. These arrangements are fragile and tend not to withstand the test of time. The situation begs for a more comprehensive approach that will begin to better define the permanent relationships among the oil companies, local communities and the different tiers of government. More governmental resources need to be brought to bear as the oil companies cannot be forced into the position of becoming quasi-development agencies. Yet recent history demands that the companies must play an active, visible role in the communities. Last, the objective of all parties must be economic growth, economic diversification and employment in the Delta. Non-oil private sector investment is a fundamental but largely missing ingredient in the Delta. Unless there is a paradigm shift in strategy along the lines summarized above, conditions in the Delta will worsen, and more incidents that interrupt the operations of the oil companies will likely occur in the future. End comment.

BROWNE